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national farmers union

In Union is Strength

Submission

to the

Grain Handling and Transportation Commission

presented at

Vancouver, B.C.,

October 4-8, 1976

Re: West Coast Grain Movement

Caron
Baptiste

moins visuellement



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National Farmers Union

Submission

to the

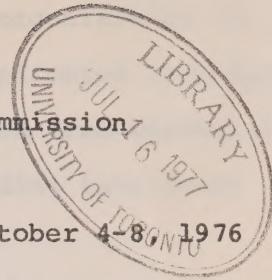
Grain Handling and Transportation Commission

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Vancouver, B.C.,

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Re: West Coast Grain Movement



1. The National Farmers Union welcomes this opportunity to appear before your Commission during its final round of hearings.
2. The movement of prairie grain into the markets of the world from west coast ports and specifically Vancouver has increased dramatically in recent years. There is every indication to believe, on the basis of projections which look toward future patterns of world grain trade, that this upward trend in export grain shipments from the west coast may as much as double by the year 2000.
3. To emphasize the growing importance west coast ports have assumed in export grain movement, Canadian Wheat Board records indicate that shipments in the 1954-55 crop year totalled only 98.4 million bushels. Ten years later, in the 1963-64 crop year, the 200 million mark was passed for the first time when 220.7 million bushels were shipped for export.
4. Since 1963-64, west coast grain shipments have exceeded 200 million bushels in eight of the past twelve crop years. In 1971-72 exports reached the 300 million mark for the first time at 307.8 million bushels followed by a record 349 million bushels in 1972-73.
5. Grain shipments from west coast ports have, however, not been without difficulty as prairie farmers know only too well.
6. The problems surrounding the troubled port of Vancouver have been the subject of several studies conducted within recent years, including

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railroad and waterfront tours by farmers of our organization who have been interested in seeing for themselves the complicated logistics involved in moving grain through the mountains and from marshalling yards to terminal facilities before eventual loading into ocean freighters.

7. An important study of the problems encountered at the port of Vancouver was undertaken on behalf of the National Harbours Board and completed in June, 1972, by the industrial consulting firm of C. D. Howe Western Ltd.

8. This study occurred during the 1971-72 crop year when grain exports from this port exceeded 300 million bushels for the first time.

9. In regard to the administrative system respecting the utilization of terminals the report stated as follows:

The method of ordering grain for delivery to the terminals to meet ship nominations is designed to minimize the storage of grain in the Port.

This reduces the overall cost of storing grain and minimizes the possibility of having the wrong product stored in the Terminals in relation to the immediate ship loading requirement.

The system does not make use of storage facilities in the Port to compensate for unexpected delays in the rail transportation systems unless the Wheat Board orders grain in advance for inventory.

The storage capacity in the Port does act as surge capacity to compensate for delays in ship arrivals.

The need for additional storage for grain at the Vancouver Terminals will depend to an important extent on the policies of the Canadian Wheat Board, and the way the flow of grain is administered.

If it is the intention of the Board to bring forward stocks of grain for inventory in anticipation of railway interruptions, additional storage will be required for this purpose.

10. The general principles outlined at that time respecting minimum time for storage of grain are certainly considerations farmers who are

interested in least cost movement of their grain can appreciate and endorse.

11. Respecting the then existing capacity of Vancouver terminals the study pinpointed the chief problem areas when it noted:

"The total capacity within the Terminals is limited by the cleaning operations. However, this capacity has never been utilized on a sustained basis. The limiting factor has been the ability to deliver rail cars at a sustained rate."

12. As a cross check, a detailed analysis was made of the best shipping month in that crop year, April, 1972, and it was determined that:

- a) The throughput rate for the month was the equivalent of 344 million bushels per year.
- b) In the last 10 working days car deliveries were maintained at an average rate of 400 million bushels per year with very little fluctuation in car delivery. This, it was noted, approached the total rated capacity of the cleaning operations in the terminals of 419 million bushels per year.
- c) It was concluded that because of historical fluctuations of car deliveries and ship arrivals over a twelve-month period, a safer definition of the capacity of the system would be 300 million to 350 million bushels per year.

13. As stated earlier, the C. D. Howe study was conducted four years ago. It went on to point out that a 500 million bushel per year rate could be achieved with the same number of car unloads, using 3,300 bushel cars that was at that time required to achieve a 300 million bushel rate using 2,000 bushel cars.

14. It was recommended that a conversion to hopper cars take place. This recommendation was not acted upon by the railway companies but by the Government of Canada which provided the railway companies with 2000 hopper cars in the 1972-73 crop year and a further 4000 hopper cars in July, 1974.

15. On the basis of the C. D. Howe projections respecting the advantages of the use of hopper cars and bearing in mind their limited usage, there should no longer be any question about the ability of railway companies to deliver the goods to achieve a grain throughput of at least the current annual 400 million bushel maximum capacity of cleaners.

16. Aside from the fact that hopper cars cannot be used exclusively for the prairie grain haul because of the condition of a number of branch lines, there still remain a few additional constraints which do have a bearing on attaining such an objective.

- 1) *The railway companies must first of all deliver the goods from the prairies to their marshalling yards adjacent to the port.*

17. In this regard we do not believe it is a question of whether or not they are able to do so. We believe they are. One of the major constraints in respect to their prairie branch line and occasionally main line performance which has extended and reflected itself into their at times dismal record in the west coast grain haul has been one of attitude.

18. This attitude can be interpreted as one which places grain on the lowest priority level in respect to traffic movement. It is an attitude which reflects that grain movement is captive to the railways and possibly less remunerative than the movement of other bulk products. It is an attitude that places the profit motive of the

companies as one of greater importance than serving the national interest.

19. We do not believe that increased freight rates and/or subsidies to the railway companies will materially change this attitude in future unless the two rail lines are totally integrated into a single system and their priorities are changed to serve the national interest.

20. We recommend that this be done:

2) It is well known that bulk traffic movement to the west coast of commodities other than grain is increasing rapidly. Grain can therefore be expected to receive proportionately less priority in future years if the existing railway attitudes toward grain movement and its priorities are maintained.

21. This increasing vulnerability to future grain export commitments which are expected to rise dramatically within the next twenty-five years, strongly suggests that basic organizational changes are needed now.

22. If changes in attitude and such advantages as can be achieved from an integrated rail system are not implemented, the now planned increase of 10.4 million bushels in terminal capacity will not alone guarantee our ability to more efficiently deliver increased volumes of grain through this port.

23. What the increased storage capacity in fact may then become will be mainly surge capacity to act as a hedge against the problems created by poor performance on the part of the railways in meeting CWB lead time schedules required to fill export orders.

24. This in turn implies that grain will remain in terminal storage for longer periods and result in higher costs and lower returns to producers.

- 3) Frequent interruptions in traffic movement occur through the mountain regions at certain times of the year resulting from such things as derailments, rock slides, or washouts.
25. Steps taken by railway companies to minimize these kinds of disruptions to rail movement need to be fully assessed to determine whether adequate preventive measures are taken.
26. In the 1974-75 crop year, for example, the Canadian Wheat Board reported disruptions in grain shipment caused by 34 main line derailments, half of them in the period June to November, 1975.
27. Tunnelling is a commonly used technique in the Alpine regions of Europe to escape potential danger areas and reduce distances. We believe it has application in this country as well. We are not aware of any recent steps taken to safeguard rail routes from snow-slides or rock slides by this method.
28. It is our understanding that a joint Canada-B.C. study on a proposal to construct a rail link between CN and B.C. Rail from Ashcroft to Clinton was agreed upon three years ago. We are not aware of the current status of this study or its possible recommendations.
29. We are therefore not able to conclusively comment on the merits of constructing such a proposed route. However, any action which would provide an optional route to the Port of Vancouver in the event of natural catastrophe to existing rail lines should not be summarily dismissed on economic grounds alone.
- 4) The pooling of CWB grains with respect to reducing switching and changeover times of grain cars has assisted in improving delivery of grain to terminal elevators. We believe the efficiency of this operation could be further improved by having all grains marketed under Canadian Wheat Board jurisdiction.

30. We recommend this be done.
31. Furthermore, the integration of the CP and CN rail marshalling yards, placing them under single management, could result only in further beneficial results in expediting grain movement.
- 5) *The use of unit trains is often cited as a practical method of improving rail and terminal efficiency in grain movement. We believe they have some limitations.*
32. The construction of unit trains implies the heavy centralization of grain gathering facilities at inland terminal positions which in turn represents a heavy direct cost transfer in grain movement to individual farmers since inland terminal efficiency depends on the need for a large gathering area and hence the wholesale abandonment of much of the existing branch line and country elevator grain gathering system.
33. The organization of solid trains of hopper/constituted by grain and grade type received from the branch line system at key rail gathering points prior to terminal shipment is a more relevant objective. It is particularly practical for Canadian Wheat Board grains which are now largely pooled for terminal distribution, irrespective of the company of origin.
- Prince Rupert
34. Our organization believes inadequate attention is given to the potential development of grain movement from the port of Prince Rupert.
35. It seems ludicrous to us that this port, which is open the full twelve months of the year, should handle fractionally as much grain as the Port of Churchill which is in operation for only some three months per year.

36. No logical reason exists for not encouraging greater two-way traffic from the Orient through Prince Rupert as has been pioneered by the British-owned Dalgliesh Shipping Company through Churchill.
37. Considering that this port is some 900 nautical miles nearer the Orient than Vancouver it would represent a shorter return trip for vessels discharging cargo at Vancouver and destined to return to some Asian ports to deadhead, if necessary, the distance to Prince Rupert for a grain cargo. This could be particularly relevant during periods of heavy congestion or shutdown in Vancouver when up to 30 vessels have at times been riding at anchor waiting for grain cargoes. These delays have cost farmers thousands of dollars in demurrage charges and an unknown amount in lost sales.

Industrial Relations

38. The maintenance of a climate of good industrial relations in the port of Vancouver is essential to the orderly flow of grain into the markets of the world.
39. We have maintained an active interest in promoting improved industrial relations in the grain handling industry for a number of years.
40. Our organization strongly recommended to the federal government the need for an industrial inquiry into west coast grain terminal industrial relations and consequently took an active interest in the investigations of Justice Bayda.
41. We note some progress in improving industrial relations have followed that inquiry. It is our hope that further positive measures will follow.

Conclusion:

42. These hearings conclude the public participation in the work of your commission.

43. We express our satisfaction ^{with} / the manner in which they have been conducted. Every interested group which has sought to do so has been encouraged to participate. The responsibility for weighing the evidence and arriving at appropriate conclusions and recommendations now rests upon your Commission.

44. The conclusions and recommendations you reach will bear heavily on the future social and economic fortunes of hundreds of prairie communities and thousands of farmers.

45. We look forward to a report which will reflect equity and justice toward the citizens and communities of the region.

All of which is respectfully submitted by
THE NATIONAL FARMERS UNION.

